

## MEMORANDUM



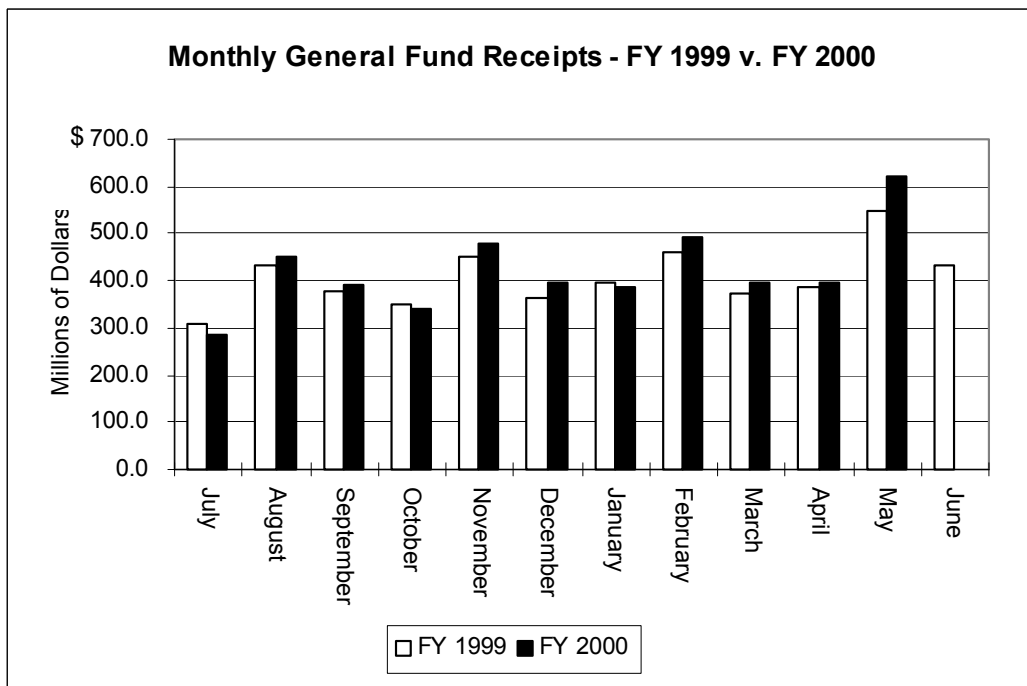
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: June 1, 2000

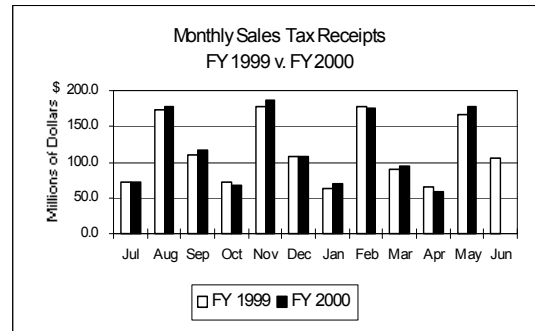
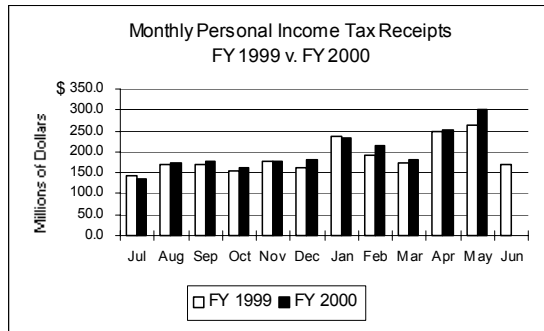
### General Fund Receipts Through May 31, 2000

The attached spreadsheet represents total FY 2000 General Fund receipts, with comparable figures for actual FY 1999. These can be compared to the latest FY 2000 estimate (\$5.060 billion) set by the Revenue Estimating Conference (REC) on April 7, 2000. The estimate represents an increase of \$179.9 million (3.7%) compared to FY 1999.



## FY 2000 Compared to FY 1999

Year-to-date FY 2000 revenue growth increased by \$206.5 million (4.6%) compared to FY 1999. This is 0.9% above the REC estimate of 3.7% for FY 2000. Total May 2000 revenues increased \$80.2 million (14.7%) compared to May 1999.



**Gross personal income tax** revenues received in May were \$37.3 million (14.1%) more than May 1999. Year-to-date growth in personal income tax is \$127.8 million (6.2%) more than FY 1999.

Withholding receipts increased in May, increasing by 5.3% compared to May 1999. Year-to-date growth in personal income tax withholding payments is \$90.6 million (5.8%) more than FY 1999.

Estimate payments increased in May, posting a gain of \$7.0 million (41.2%) compared to May 1999. Year-to-date decline in personal income tax estimate payments is \$10.0 million (3.4%) less than FY 1999. July and October 1999 estimate payments were very strong, but moderated through the remaining months of FY 1999. Year-to-date experience indicates that FY 2000 estimate payments will more closely follow the lower level of the second half of FY 1999.

The REC FY 2000 income tax estimate of \$2.349 billion represents a projected increase of 5.2% compared to actual FY 1999.

**Sales tax** receipts in May were \$11.2 million (6.8%) more than May 1999. Growth in FY 2000 sales tax receipts stands at \$31.9 million (2.5%) compared to FY 1999.

The REC estimate for FY 2000 sales tax receipts is \$1.423 billion, an increase of 3.3% compared to actual FY 1999.

**Corporate income tax** receipts in May were \$18.5 million (56.1%) more than May 1999. Estimate payments received in May were \$19.8 million (71.1%) more than May 1999. The increase in overall FY 2000 corporate income tax payments stands at \$2.3 million (0.8%) above the FY 1999 level.

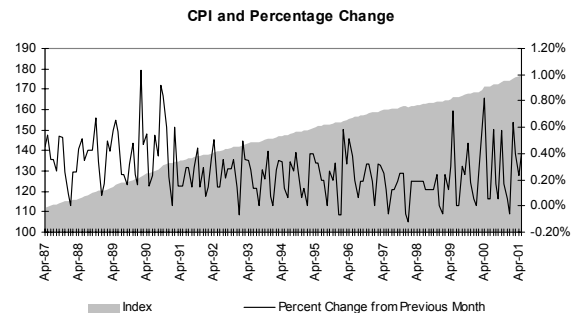
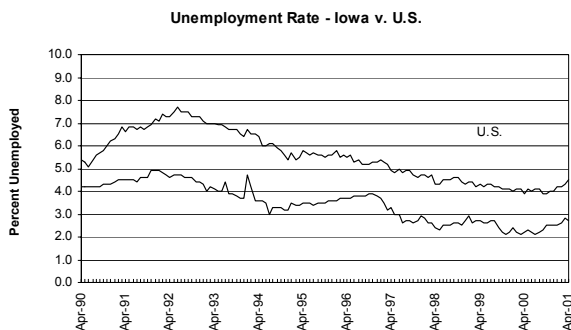
The REC estimate for FY 2000 corporate income tax receipts is \$316.1 million, a decrease of 1.8% compared to actual FY 1999.

**Racing and gaming** receipts to the General Fund in November reached their statutory cap of \$60.0 million during November. All racing and gaming receipts in excess of \$60.0 million are deposited in the Rebuild Iowa Infrastructure Fund. As a result, activity in these accounts has little direct impact on the General Fund. The REC estimated that \$120.1 million from this source would be deposited to the Infrastructure Account in FY 2000.

## Status of the Economy

The seasonally adjusted percent unemployed for the State in April increased from March's rate of 2.1% to 2.2%. The unemployment rate a year ago was 2.7%. Iowa's total April employment registered 1,581,800, down from March's level of 1,585,100. The number of unemployed persons in Iowa stood at 34,900 in April, which is up from March's level of 33,200. The U.S. unemployment rate decreased in April to 3.9%.

Consumer prices in April rose by 0.1% from March's level. The Consumer Price Index (CPI-U) through April 2000 was 171.2 (1983=100), which is 3.0% higher than one year ago. The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through March 2000.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

GENERAL FUND RECEIPTS - FY 2000 vs. FY 1999					ESTIMATED GENERAL FUND RECEIPTS		
July 1 through May 31, in millions of dollars					in millions of dollars		
					FY 99 Actual Compared to FY 00 REC Estimate		
	FY 1999	FY 2000	Year to Date % CHANGE	May % CHANGE	Actual FY 1999	Estimate FY 2000	% CHANGE
Personal Income Tax	\$ 2,064.7	\$ 2,192.5	6.2%	14.1%	\$ 2,233.7	\$ 2,349.0	5.2%
Sales Tax	1,272.8	1,304.7	2.5%	6.8%	1,377.5	1,422.7	3.3%
Use Tax	232.0	232.7	0.3%	-0.8%	242.7	249.0	2.6%
Corporate Income Tax	276.2	278.5	0.8%	56.1%	321.8	316.1	-1.8%
Inheritance Tax	81.4	104.1	27.9%	-6.3%	90.1	113.1	25.5%
Insurance Premium Tax	63.6	84.6	33.0%	n/m	114.3	116.7	2.1%
Cigarette Tax	83.6	82.4	-1.4%	14.9%	92.3	91.4	-1.0%
Tobacco Tax	6.0	5.9	-1.7%	-33.3%	6.5	6.8	4.6%
Beer Tax	11.9	12.2	2.5%	-9.1%	13.1	13.1	0.0%
Franchise Tax	29.0	26.5	-8.6%	-15.2%	33.8	32.9	-2.7%
Miscellaneous Tax	2.6	5.3	103.8%	212.5%	1.1	1.1	0.0%
Total Special Taxes	\$ 4,123.8	\$ 4,329.4	5.0%	16.8%	\$ 4,526.9	\$ 4,711.9	4.1%
Institutional Payments	45.7	46.0	0.7%	n/m	49.7	49.0	-1.4%
Liquor Transfers:							
Profits	26.5	32.0	20.8%	33.3%	32.3	34.5	6.8%
7% Gross Revenue	8.3	8.3	0.0%	0.0%	9.0	9.0	0.0%
Interest	30.8	24.2	-21.4%	-40.0%	34.1	25.5	-25.2%
Fees	52.6	60.6	15.2%	12.5%	58.3	64.3	10.3%
Judicial Revenue	42.9	46.2	7.7%	-7.0%	48.3	53.3	10.4%
Miscellaneous Receipts	58.6	49.0	-16.4%	-67.1%	61.3	52.3	-14.7%
Racing and Gaming Receipt	60.0	60.0	0.0%	n/m	60.0	60.0	0.0%
TOTAL RECEIPTS	4,449.2	4,655.7	4.6%	14.7%	\$ 4,879.9	\$ 5,059.8	3.7%